

COUNTY OF MADISON, NEW YORK

**Financial Statements as of
December 31, 2020**

**Together with Independent Auditor's Report,
Reports Required by the Uniform Guidance and
*Government Auditing Standards***

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF MADISON, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis (Unaudited)	5 - 12
Basic Financial Statements:	
Government-Wide Financial Statements -	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements -	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds to the Statement of Activities	18
Proprietary Funds	
Statement of Net Position	19
Statement of Revenues, Expenses and Change in Net Position	20
Statements of Cash Flows	21
Fiduciary Funds	
Statement of Fiduciary Net Position	22
Statement of Change in Fiduciary Net Position	23
Notes to Basic Financial Statements	24 - 52
Required Supplementary Information (Unaudited):	
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	53
Schedule of Changes in Total OPEB Liability and Related Ratios	54
Schedule of Proportionate Share of Net Pension Liability	55
Schedule of Contributions - Pension Plans	56
Supplemental Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Changes in Revenues, Expenditures and Change in Fund Balances - Nonmajor Governmental Funds	58
Combining Balance Sheet - Nonmajor Special Revenue Funds	59
Combining Statement of Revenues, Expenditures and Change in Fund Balances - Nonmajor Special Revenue Funds	60

COUNTY OF MADISON, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Reports Required Under Uniform Guidance:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61 - 62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	63 - 64
Schedule of Expenditures of Federal Awards - For the Year Ended December 31, 2020	65 - 66
Notes to the Schedule of Expenditures of Federal Awards	67
Schedule of Findings and Questioned Costs - For the Year Ended December 31, 2020	68 - 69

INDEPENDENT AUDITOR'S REPORT

August 4, 2021

To the Board of Supervisors of the
County of Madison, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, New York (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Madison County Industrial Development Agency (IDA), which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Industrial Development Agency (IDA), which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the IDA, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, New York as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As described in Note 18 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. As a result, an adjustment was made to increase net position of the Custodial Fund, part of the aggregate remaining fund information opinion unit, at January 1, 2020 by \$1,006,484. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Contributions – Pension Plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and nonmajor governmental and special revenue fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and nonmajor governmental and special revenue fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining nonmajor governmental and special revenue fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Bonadio & Co., LLP

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

As management of the County of Madison, New York (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended December 31, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the County's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

- **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, County Road and the Capital Projects Funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of the financial statements.

- **Proprietary Funds**

- **Enterprise Funds** - account for those operations that are financed and operated in a manner similar to private business. The County's major enterprise fund is the Environmental Landfill Fund.
- **Internal Service Funds** - account for activities that provide goods or services to other funds, departments or agencies of the primary government, or to other governments, on a cost-reimbursement basis. The County reports a Worker's Compensation and Self Insured Health Insurance Internal Service Fund.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Component Units

The government-wide financial statements include the primary government, the County, as well as its component unit, the Madison County Industrial Development Agency. Financial information for this entity is reported separately from the financial information presented for the primary government itself.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets/deferred outflow of resources of the County's governmental activities exceeded liabilities/deferred inflow of resources by \$53,890,973 at the close of 2020.

Table 1 – Summary Statement of Net Position

	Governmental 2020	Business-Type 2020	Governmental 2019	Business-Type 2019
Assets:				
Current assets	\$ 68,171,373	\$ 8,462,125	\$ 57,369,805	\$ 8,223,573
Capital assets, net	<u>146,182,339</u>	<u>12,772,629</u>	<u>139,517,230</u>	<u>13,376,784</u>
Total assets	<u>214,353,712</u>	<u>21,234,754</u>	<u>196,887,035</u>	<u>21,600,357</u>
 Deferred outflows of resources	 <u>38,457,645</u>	 <u>1,653,463</u>	 <u>14,220,102</u>	 <u>572,262</u>
Liabilities:				
Current liabilities	62,376,993	662,938	44,203,181	787,273
Long-term liabilities	<u>119,845,164</u>	<u>22,219,511</u>	<u>90,860,831</u>	<u>18,198,389</u>
Total liabilities	<u>182,222,157</u>	<u>22,882,449</u>	<u>135,064,012</u>	<u>18,985,662</u>
 Deferred inflows of resources	 <u>16,698,227</u>	 <u>717,973</u>	 <u>14,282,299</u>	 <u>485,447</u>
Net Position:				
Net investment in capital assets	114,568,673	6,073,022	115,958,375	6,408,017
Restricted	15,956,841	357,023	6,609,797	451,958
Unrestricted	<u>(76,634,541)</u>	<u>(7,142,250)</u>	<u>(60,807,346)</u>	<u>(4,158,465)</u>
Total net position	<u>\$ 53,890,973</u>	<u>\$ (712,205)</u>	<u>\$ 61,760,826</u>	<u>\$ 2,701,510</u>

Total assets increased by \$17,101,074. This was mainly increased due to cash and receivables. Total liabilities increased by \$51,054,932 due to our current and long-term liabilities category. This includes new and reissued bonds for our county projects. The other increase is due to net pension liability and increase of OPEB. Total net position decreased by \$11.2 million at December 31, 2020 due to the changes described above offset by the increase in deferred outflows associated with current and long-term obligations.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

See the Summary Statement of Activities (Table 2) below for a comparative look at the governmental and business-type activities from 2019 to 2020.

Table 2 – Summary Statement of Activities

	Governmental 2020	Business-Type 2020	Governmental 2019	Business-Type 2019
Revenues				
Program revenue:				
Charges for services	\$ 7,802,500	\$ 4,395,067	\$ 8,473,077	\$ 4,426,697
Operating grants and contributions	23,951,929	-	25,194,548	-
Capital grants and contributions	2,128,228	-	5,965,455	-
General revenue:				
Taxes and other tax items	73,574,844	-	71,408,752	-
Tobacco settlement	925,967	-	807,156	-
Off-track betting	30,776	-	44,441	-
OIN State aid – tribal compact	3,500,000	-	3,500,000	-
OIN State aid – host community benefit	3,000,000	-	2,250,000	-
OIN reacquired land payment	300,992	-	281,345	-
Sale of property and compensation loss	-	433,907	-	453,904
Use of money and property	182,603	32,830	363,332	81,636
State aid - landfill	-	42,241	-	25,614
Miscellaneous local sources	<u>1,035,207</u>	<u>2,598</u>	<u>2,092,381</u>	<u>1,760</u>
Total revenue	<u>116,433,046</u>	<u>4,906,643</u>	<u>120,380,487</u>	<u>4,989,611</u>

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

	Governmental 2020	Business-Type 2020	Governmental 2019	Business-Type 2019
Expenses				
General governmental support	34,508,173	-	32,797,049	-
Education	5,537,504	-	5,688,910	-
Public safety	24,080,064	-	22,327,747	-
Public health	8,532,321	-	8,203,385	-
Transportation	15,633,719	-	15,885,094	-
Economic assistance and opportunity	32,809,238	-	32,885,182	-
Culture and recreation	733,628	-	924,267	-
Home and community services	2,069,588	-	2,412,741	-
Interest on long-term debt	398,664	-	743,538	-
Environmental landfill	-	8,320,358	-	5,232,593
Worker's compensation	-	-	-	-
Total expenses	124,302,899	8,320,358	121,867,913	5,232,593
Change in net position	\$ (7,869,853)	\$ (3,413,715)	\$ (1,487,426)	\$ (242,982)

Governmental Activities

- Revenues decreased approximately \$3.9 million in the current year mostly due to Operating and Capital grants.
- Expenses increased approximately \$2.4 million in the current year.

Business-Type Activities

- Expenses increased approximately \$3 million.

GENERAL FUND FINANCIAL ANALYSIS

General Fund Budget Analysis

Revenues

- Revenues (including transfers in and intrafund revenues) were originally budgeted at \$105,836,458 while actual was \$113,547,689. Revenues came in over budget partly as a result of host community benefits and sales tax.

Expenditures

- Expenditures (including transfers out and intrafund expenditures) were originally budgeted at \$112,555,975 while the actual was \$112,257,304.

Interfund Transfers

- Transfers In equaled \$2,360,868. Predominately from capital project funds.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2020 amounted to \$146,182,339 (net of accumulated depreciation). Net of accumulated depreciation in the business-type activities at December 31, 2020 is \$12,772,629. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

Table 3 – Capital Assets – Governmental and Business-Type
Activities (Net of Depreciation)

	Governmental 2020	Business-Type 2020	Governmental 2019	Business-Type 2019
Land	\$ 2,236,271	\$ 715,031	\$ 2,236,271	\$ 715,031
Construction in progress	21,721,759	3,375,149	36,358,866	3,375,149
Buildings	55,665,229	1,467,936	32,830,176	1,467,936
Improvements	2,290,254	15,875,300	2,290,254	15,875,300
Infrastructure	164,457,380	1,197,446	160,419,278	1,197,446
Machinery and equipment	27,218,198	5,532,949	28,120,190	5,382,585
Total cost	273,589,091	28,163,811	262,255,035	28,013,447
Accumulated depreciation	(127,406,752)	(15,391,182)	(122,737,805)	(14,636,663)
Total capital assets, net	<u>\$ 146,182,339</u>	<u>\$ 12,772,629</u>	<u>\$ 139,517,230</u>	<u>\$ 13,376,784</u>

Governmental Activities:

During 2020, construction in progress decreased by \$14,637,107 as a result of our Courthouse Renovation project completion. Additional construction in progress of \$8.7 million was added primarily for our new Highway Facility Building project in the Town of Eaton.

Business-type Activities:

During 2020, there were minimal changes from previous year.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

Debt Administration

Table 4 – Debt Schedule

	Governmental 2020	Business-Type 2020	Governmental 2019	Business-Type 2019
Beginning outstanding debt	\$ 23,558,855	\$ 6,968,767	\$ 25,453,668	\$ 7,241,000
Debt issued				
Short Term	37,240,000	-	22,125,000	-
Long Term	-	9,840	-	6,767
Scheduled debt payments	<u>(20,430,586)</u>	<u>(279,000)</u>	<u>(24,019,813)</u>	<u>(279,000)</u>
Ending outstanding debt	<u>\$ 40,368,269</u>	<u>\$ 6,699,607</u>	<u>\$ 23,558,855</u>	<u>\$ 6,968,767</u>

The County's statutory debt limitation is \$294,099,872. The County has used 14.8% of its limitation at the end of 2020, compared with 8.7% at the end of 2019.

On, July 30, 2020, the County renewed the \$18,200,000 and issued additional \$390,000 BANS for the Courthouse renovation project. On this day the County also issued \$2,650,000 BANS for HVAC upgrades in County Office Building. The BANS totaling \$21,240,000, carry an interest rate of 1.5%.

On May 1, 2020, the County issued BANS in the amount of \$16,000,000 for a new highway facility project. The BANS carry an interest rate of 1.75% and mature on April 31, 2021.

The County plans to redeem the \$37,240,000 BANS with serial bonds upon their maturity in April 2021.

Economic Factors and Future Trends

The unemployment rate for the County as of May 2021 is 6.7%, which compares to 11.2% for previous year. The New York State average is 9.4% and the national unemployment rate is 6.3% as of June 2021. The reason for decrease in unemployment is due to the reopening of our economy from the ongoing Novel Coronavirus pandemic. (Source: New York State Department of Labor).

As of June 2021, the Consumer Price Index for the area has increased 0.9% compared to the previous year. The national average for the same period has increased. This also was due to the reopening of economy. (Source: Bureau of Labor Statistics).

General Fund unassigned fund balance amounted to \$15,440,670 as of December 31, 2020. The County appropriated \$6,719,517 of 2019 unassigned fund balance for spending in the 2020 budget.

The tax levy increased by \$1,980,328 to \$41,688,631 for the tax year 2021. At December 31, 2020, the County had a maximum taxing power of \$82,431,485 and had used 42.17% of its limit as compared with 40.33% for the previous year.

COUNTY OF MADISON, NEW YORK

Management's Discussion and Analysis (Unaudited)

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance & Payroll Office, 138 N. Court Street, Wampsville, New York 13163. Mailing address is P.O Box 575, Wampsville, NY 13163.

COUNTY OF MADISON, NEW YORK

Statement of Net Position
December 31, 2020

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents, unrestricted	\$ 26,082,023	\$ 7,871,169	\$ 33,953,192	\$ 2,623,535
Cash and cash equivalents, restricted	14,509,401	357,023	14,866,424	-
Taxes receivable, net	6,934,092	-	6,934,092	-
Accounts receivable, net	1,258,190	93,098	1,351,288	-
Loans receivable	107,325	-	107,325	-
State and federal receivables	16,011,248	42,241	16,053,489	-
Due from other funds	67,147	-	67,147	-
Prepaid expense	1,146,107	33,602	1,179,709	-
Inventories	2,055,840	64,992	2,120,832	-
Capital assets, net	146,182,339	12,772,629	158,954,968	295,995
Total assets	214,353,712	21,234,754	235,588,466	2,919,530
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - relating to pensions	22,913,110	985,083	23,898,193	132,212
Deferred outflows - relating to OPEB	15,544,535	668,380	16,212,915	-
Total deferred outflows of resources	38,457,645	1,653,463	40,111,108	132,212
LIABILITIES				
Accounts payable and other accrued liabilities	7,232,954	299,791	7,532,745	9,515
Due to other governments	13,506,263	-	13,506,263	-
Bond anticipation notes	37,240,000	-	37,240,000	-
Other liabilities	2,107,729	-	2,107,729	-
Customer deposit payable	-	12,000	12,000	-
Unearned revenue	2,061,303	-	2,061,303	-
Due to other funds	-	67,147	67,147	-
Long-term liabilities -				
Due within one year	228,744	284,000	512,744	-
Due in more than one year	119,845,164	22,219,511	142,064,675	224,110
Total liabilities	182,222,157	22,882,449	205,104,606	233,625
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - relating to pensions	2,166,400	93,138	2,259,538	-
Deferred inflows - relating to OPEB	14,531,827	624,835	15,156,662	-
Total deferred inflows of resources	16,698,227	717,973	17,416,200	-
NET POSITION				
Net investment in capital assets	114,568,673	6,073,022	120,641,695	295,995
Restricted	15,956,841	357,023	16,313,864	487,037
Unrestricted	(76,634,541)	(7,142,250)	(83,776,791)	2,035,085
Total net position	\$ 53,890,973	\$ (712,205)	\$ 53,178,768	\$ 2,818,117

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Statement of Activities
For the year ended December 31, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenue			Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental activities -							
General government support	\$ 34,508,173	\$ 2,876,029	\$ 1,569,439	\$ -	\$ (30,062,705)	\$ -	\$ (30,062,705)
Education	5,537,504	191,826	1,263,118	-	(4,082,560)	-	(4,082,560)
Public safety	24,080,064	583,873	874,459	673,428	(21,948,304)	-	(21,948,304)
Public health	8,532,321	2,373,160	4,053,099	-	(2,106,062)	-	(2,106,062)
Transportation	15,633,719	786,894	3,335,217	1,454,800	(9,856,808)	-	(9,856,808)
Economic assistance and opportunity	32,809,238	985,406	12,073,701	-	(19,750,131)	-	(19,750,131)
Culture and recreation	733,628	-	126,252	-	(607,376)	-	(607,376)
Home and community services	2,069,588	5,312	456,644	-	(1,607,632)	-	(1,607,632)
Interest on long-term debt	398,664	-	-	-	(398,664)	-	(398,664)
Total governmental activities	124,302,899	7,802,500	23,951,929	2,128,228	(90,420,242)	-	(90,420,242)
Business-type activities -							
Environmental landfill	8,320,358	4,395,067	-	-	-	(3,925,291)	(3,925,291)
Total business-type activities	8,320,358	4,395,067	-	-	-	(3,925,291)	(3,925,291)
Total primary government	\$ 132,623,257	\$ 12,197,567	\$ 23,951,929	\$ 2,128,228	\$ (90,420,242)	\$ (3,925,291)	\$ (94,345,533)
COMPONENT UNIT:							
Proprietary -							
Madison County Industrial Development Agency	\$ 1,315,529	\$ 75,392	\$ 285,048	\$ -	-	-	\$ (955,089)
GENERAL REVENUES AND TRANSFERS:							
Taxes:							
Real property taxes and real property tax items					40,322,783	-	40,322,783
Sales tax					32,104,986	-	32,104,986
Other non-property tax items					1,147,075	-	1,147,075
Tobacco settlement					925,967	-	925,967
Off-track betting					30,776	-	30,776
Oneida Indian Nation state aid tribal compact					3,500,000	-	3,500,000
Oneida Indian Nation state aid host community benefit					3,000,000	-	3,000,000
Oneida Indian Nation reacquired land payment					300,992	-	300,992
Sale of property and compensation for loss					-	433,907	433,907
Use of money and property					182,603	32,830	215,433
State and federal aid - landfill					-	42,241	42,241
Miscellaneous local sources					1,035,207	2,598	1,037,805
Total general revenues and transfers					82,550,389	511,576	83,061,965
CHANGE IN NET POSITION					(7,869,853)	(3,413,715)	(11,283,568)
NET POSITION - beginning of year					61,760,826	2,701,510	64,462,336
NET POSITION - end of year					\$ 53,890,973	\$ (712,205)	\$ 53,178,768
							\$ 2,818,117

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Balance Sheet - Governmental Funds
December 31, 2020

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents, unrestricted	\$ 16,212,956	\$ 2,282,390	\$ 2,217,504	\$ 412,514	\$ 21,125,364
Cash and cash equivalents, restricted	2,560,992	8,754,603	38,955	3,154,851	14,509,401
Taxes receivable, net	6,934,092	-	-	-	6,934,092
Accounts receivable	656,113	-	223,167	372,231	1,251,511
Loans receivable	-	-	-	107,325	107,325
State and federal aid receivable	14,874,986	1,126,369	9,893	-	16,011,248
Due from other funds	3,175,817	555,151	9,566	3,464	3,743,998
Prepaid expenditures	881,792	-	107,657	24,283	1,013,732
Inventories	320,591	-	1,269,642	465,607	2,055,840
Total assets	<u>\$ 45,617,339</u>	<u>\$ 12,718,513</u>	<u>\$ 3,876,384</u>	<u>\$ 4,540,275</u>	<u>\$ 66,752,511</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other accrued liabilities	\$ 4,968,588	\$ 727,969	\$ 303,409	\$ 130,646	\$ 6,130,612
Due to other governments	13,506,263	-	-	-	13,506,263
Bond anticipation notes	-	37,240,000	-	-	37,240,000
Other liabilities	27,522	-	-	-	27,522
Unearned revenue	-	-	415,200	343,302	758,502
Due to other funds	1,359,211	2,848,270	107,657	134,757	4,449,895
Total liabilities	<u>19,861,584</u>	<u>40,816,239</u>	<u>826,266</u>	<u>608,705</u>	<u>62,112,794</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	<u>2,722,496</u>	<u>-</u>	<u>-</u>	<u>132,251</u>	<u>2,854,747</u>
FUND BALANCES:					
Nonspendable	1,202,383	-	1,377,299	489,890	3,069,572
Restricted	2,560,992	8,754,603	38,955	3,218,884	14,573,434
Committed	-	-	1,633,864	107,116	1,740,980
Assigned	3,829,214	-	-	-	3,829,214
Unassigned	15,440,670	(36,852,329)	-	(16,571)	(21,428,230)
Total fund balances	<u>23,033,259</u>	<u>(28,097,726)</u>	<u>3,050,118</u>	<u>3,799,319</u>	<u>1,784,970</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,617,339</u>	<u>\$ 12,718,513</u>	<u>\$ 3,876,384</u>	<u>\$ 4,540,275</u>	<u>\$ 66,752,511</u>

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Reconciliation of the Balance Sheet - Governmental Funds To the Statement of Net Position December 31, 2020

Total fund balances - governmental funds	\$ 1,784,970
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	146,182,339
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unearned in the funds.	2,854,747
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds. They are as follows:	
Compensated absences	(4,644,298)
Bonds payable	(1,145,000)
Installment purchase debt	(1,983,269)
Net pension liability	(32,504,691)
Total other postemployment benefits	(79,796,650)
Deferred outflows/inflows of resources related to pensions and OPEB are applicable to future periods and; therefore are not reported in the funds.	
Deferred outflow - pension related	22,913,110
Deferred outflow - OPEB related	15,544,535
Deferred inflow - pension related	(2,166,400)
Deferred inflow - OPEB related	(14,531,827)
The Internal Service Fund is used to charge costs of insurance activities to individual funds. The assets of the Internal Service Fund are included in governmental activities in the statement of net position.	5,871,257
The Internal Service Fund is used to charge costs of insurance activities to individual funds. The liabilities and deferred inflows of resources of the Internal Service Fund are included in governmental activities in the statement of net position.	<u>(4,487,850)</u>
Total net position of governmental activities	<u>\$ 53,890,973</u>

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Statement of Revenues, Expenditures and Change in Fund Balances -
Governmental Funds
For the year ended December 31, 2020

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real property taxes	\$ 39,852,210	\$ -	\$ -	\$ 7,000	\$ 39,859,210
Real property tax items	1,323,059	-	-	-	1,323,059
Non-property tax items	32,819,406	-	-	-	32,819,406
Departmental income	6,250,786	-	432,670	5,312	6,688,768
Intergovernmental charges	391,331	-	752,724	1,038	1,145,093
Use of money and property	165,351	9,526	1,737	5,980	182,594
Licenses and permits	20,938	-	-	-	20,938
Fines and forfeitures	80,936	-	-	-	80,936
Sale of property and compensation for loss	1,192,266	-	14,946	20,266	1,227,478
Miscellaneous local sources	1,063,666	-	9,159	39,574	1,112,399
Interfund revenues	155,971	-	9,750	637,719	803,440
State aid	18,313,082	678,591	3,191,898	375,854	22,559,425
Federal aid	7,903,096	1,449,637	34,264	633,734	10,020,731
Total revenues	109,532,098	2,137,754	4,447,148	1,726,477	117,843,477
EXPENDITURES:					
Current -					
General governmental support	31,101,691	1,799,530	-	-	32,901,221
Education	5,390,161	-	-	-	5,390,161
Public safety	18,018,218	689,400	-	37,447	18,745,065
Public health	7,127,443	-	-	-	7,127,443
Transportation	358,756	8,511,357	10,152,763	2,041,954	21,064,830
Economic assistance and opportunity	29,260,929	-	-	751,140	30,012,069
Culture and recreation	631,038	13,963	-	-	645,001
Home and community services	1,388,077	151,449	-	489,786	2,029,312
Employee benefits	1,909,244	-	1,842,484	220,451	3,972,179
Debt service -					
Principal	269,900	-	-	2,230,586	2,500,486
Interest	267,750	-	-	153,104	420,854
Total expenditures	95,723,207	11,165,699	11,995,247	5,924,468	124,808,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,808,891	(9,027,945)	(7,548,099)	(4,197,991)	(6,965,144)
OTHER FINANCING SOURCES (USES):					
Premiums on bond anticipation note issuance	252,495	-	-	-	252,495
BANs redeemed from appropriation	-	269,900	-	-	269,900
Operating transfers - in	2,432,544	773,551	9,755,717	4,384,258	17,346,070
Operating transfers - out	(15,262,053)	(1,500,583)	(1,525,200)	(346,474)	(18,634,310)
Total other financing sources (uses)	(12,577,014)	(457,132)	8,230,517	4,037,784	(765,845)
CHANGE IN FUND BALANCE	1,231,877	(9,485,077)	682,418	(160,207)	(7,730,989)
FUND BALANCE - beginning of year	21,801,382	(18,612,649)	2,367,700	3,959,526	9,515,959
FUND BALANCE - end of year	\$ 23,033,259	\$ (28,097,726)	\$ 3,050,118	\$ 3,799,319	\$ 1,784,970

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK**Reconciliation of the Statement of Revenues, Expenditures and Change in
Fund Balances - Governmental Funds to the Statement of Activities
For the year ended December 31, 2020**

Net change in fund balances - governmental funds \$ (7,730,989)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	13,375,499	
Depreciation	<u>(6,200,664)</u>	7,174,835

Losses from the disposition of capital assets are not recorded on the fund financial statements but are recorded on the government-wide financial statements. (509,726)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (859,486)

Principal payments on debt service are reported as an expenditure in the governmental funds, and therefore reduces fund balance because current financial resources have been used. These payments are not an expense in the statement of activities. 2,230,586

Premiums on bonds are recorded as revenue at the fund level but recorded as debt on the statement of net position and amortized in the statement of activities. This amount represents the net current year effect. 22,190

Compensated absences are reported in the statement of activities, but do not require the use of current financial resources and, therefore, these are not reported as expenditures in governmental funds. This represents the current year change. (584,537)

Other postemployment benefits liability and associated deferred outflows are included in the statement of activities, but are not reported as expenditures in the governmental funds. The following represents the current year changes:

Other postemployment benefits	(4,606,653)
Deferred outflows of resources	8,564,000
Deferred inflows of resources	(6,835,915)

Net pension liability and associated deferred inflows and outflows are included in the statement of activities, but are not reported as expenditures in the governmental funds. The following represent the current year changes:

Net pension liability	(24,021,887)
Deferred outflows of resources	15,673,543
Deferred inflows of resources	2,230,779

The Internal Service Fund is used to charge costs of insurance activities to individual funds. The change in net position of the Internal Service Fund is included in governmental activities in the statement of activities. 1,383,407

Change in net position of governmental activities \$ (7,869,853)

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Statement of Net Position - Proprietary Funds
December 31, 2020

	Business-Type Activities	Governmental Activities
	Environmental Landfill Fund	Self Insurance Fund
ASSETS		
Cash and cash equivalents, unrestricted	\$ 7,871,169	\$ 4,956,659
Cash and cash equivalents, restricted	357,023	-
Accounts receivable, net	93,098	6,679
State and federal receivables	42,241	-
Due from other funds	-	775,544
Prepaid expense	33,602	132,375
Inventories	64,992	-
Capital assets, net	12,772,629	-
Total assets	21,234,754	5,871,257
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - relating to pensions	985,083	-
Deferred outflows - relating to OPEB	668,380	-
Total deferred outflows of resources	1,653,463	-
LIABILITIES		
Accounts payable and other accrued liabilities	299,791	1,102,342
Other liabilities	-	2,080,207
Customer deposit payable	12,000	-
Unearned revenue	-	1,302,801
Due to other funds	67,147	2,500
Long-term liabilities -		
Due within one year	284,000	-
Due in more than one year	22,219,511	-
Total liabilities	22,882,449	4,487,850
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - relating to pensions	93,138	-
Deferred inflows - relating to OPEB	624,835	-
Total deferred inflows of resources	717,973	-
NET POSITION		
Net investment in capital assets	6,073,022	-
Restricted	357,023	1,383,407
Unrestricted	(7,142,250)	-
Total net position	\$ (712,205)	\$ 1,383,407

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Statement of Revenues, Expenses and Change in Net Position -
Proprietary Funds
For the year ended December 31, 2020

	Business-Type Activities	Governmental Activities
	Environmental Landfill Fund	Self Insurance Fund
OPERATING REVENUES:		
Charges for services	\$ 4,395,067	\$ 8,984,353
Total operating revenues	<u>4,395,067</u>	<u>8,984,353</u>
OPERATING EXPENSES:		
Personal services	1,149,000	-
Employee benefits	801,634	8,611,162
Other postemployment benefit expense	359,580	-
Contractual expense	4,892,310	1,791,635
Depreciation	<u>999,983</u>	<u>-</u>
Total operating expenses	<u>8,202,507</u>	<u>10,402,797</u>
Operating loss	<u>(3,807,440)</u>	<u>(1,418,444)</u>
NON-OPERATING REVENUES (EXPENSES):		
Use of money and property	32,830	703
State and federal aid	42,241	-
Miscellaneous local sources	2,598	1,512,908
Sale of property and compensation for loss	433,907	-
Interfund transfers in	-	1,288,240
Interest expense	<u>(117,851)</u>	<u>-</u>
Total non-operating revenues	<u>393,725</u>	<u>2,801,851</u>
CHANGE IN NET POSITION	(3,413,715)	1,383,407
NET POSITION - beginning of year	<u>2,701,510</u>	<u>-</u>
NET POSITION - end of year	<u>\$ (712,205)</u>	<u>\$ 1,383,407</u>

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

COUNTY OF MADISON, NEW YORK

Statements of Cash Flows - Proprietary Funds
For the year ended December 31, 2020

	Business-Type Activities	Governmental Activities
	Environmental Landfill Fund	Self Insurance Fund
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 4,632,283	\$ 8,175,337
Cash payments for contractual services	(2,160,256)	(8,801,282)
Cash payments for salaries and benefits	(1,704,486)	-
Net cash flow from operating activities	767,541	(625,945)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash received from operating grants	29,808	-
Cash received from miscellaneous local sources	-	1,512,908
Transfers from/(to) other funds	6,972	1,288,240
Net cash flow from non-capital financing activities	36,780	2,801,148
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments of debt	(274,080)	-
Cash outlay for capital assets, net	(395,828)	-
Sale of property and compensation for loss	433,907	-
Interest	(112,931)	-
Net cash flow from capital and related financing activities	(348,932)	-
CASH FLOW FROM INVESTING ACTIVITIES:		
Cash received from interest and dividends	32,830	703
Net cash flow from investing activities	32,830	703
CHANGE IN CASH AND CASH EQUIVALENTS	488,219	2,175,906
CASH AND CASH EQUIVALENTS - beginning of year	7,739,973	2,780,753
CASH AND CASH EQUIVALENTS - end of year	\$ 8,228,192	\$ 4,956,659
Cash and cash equivalents - unrestricted	\$ 7,871,169	\$ 4,956,659
Cash and cash equivalents - restricted	357,023	-
Total cash and cash equivalents	\$ 8,228,192	\$ 4,956,659
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (3,807,440)	\$ (1,418,444)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	999,983	-
Changes in:		
Accounts receivable	237,217	(6,679)
Due from other funds	-	(775,544)
Prepaid expense	957	(12,375)
Inventories	578	-
Deferred outflows of resources - pension	(691,282)	-
Deferred outflows of resources - OPEB	(389,919)	-
Accounts payable and other liabilities	(49,774)	1,067,357
Unearned revenue	-	(29,293)
Due to other funds	-	2,500
Other liabilities	-	546,533
Other postemployment benefits	431,662	-
Net pension liability	1,053,190	-
Compensated absences	7,688	-
Landfill closure/post-closure	2,742,155	-
Deferred inflows of resources - pension	(178,449)	-
Deferred inflows of resources - OPEB	410,975	-
Net cash flow from operating activities	\$ 767,541	\$ (625,945)

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

**Statement of Fiduciary Net Position
December 31, 2020**

	Custodial Fund
ASSETS	
Cash and cash equivalents, restricted	<u>\$ 2,187,550</u>
Total assets	<u>2,187,550</u>
NET POSITION	
Restricted	<u>2,187,550</u>
Total net position	<u><u>\$ 2,187,550</u></u>

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

**Statement of Change in Fiduciary Net Position
For the year ended December 31, 2020**

	<u>Custodial Fund</u>
ADDITIONS:	
Contributions	\$ 14,700,770
Investment earnings	<u>308</u>
Total additions	<u>14,701,078</u>
DEDUCTIONS	<u>13,520,012</u>
CHANGE IN NET POSITION	<u>1,181,066</u>
NET POSITION - beginning of year	-
RESTATEMENT (Note 18)	<u>1,006,484</u>
NET POSITION - beginning of year, as restated	<u>1,006,484</u>
NET POSITION - end of year	<u>\$ 2,187,550</u>

The accompanying notes are an integral part of these statements

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The County of Madison, New York (the County), which was incorporated in 1806, is governed by County Law and other general laws of the State of New York and various local laws. The Board of Supervisors, which is the legislative body responsible for the overall operations of the County, consists of nineteen members with each member's vote weighted on the basis of population in the town or district represented. The Chairman of the Board of Supervisors serves as the Chief Executive Officer. The County Treasurer serves as the Chief Fiscal Officer and Budget Officer.

The basic services provided are highway maintenance, social services, health services, public safety, cultural and recreational programs, and certain administrative and other services.

All governmental activities and functions performed for Madison County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is Madison County, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by standards set by the Governmental Accounting Standards Board (GASB).

Component Units

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County's reporting entity.

The Madison County Industrial Development Agency (IDA or Agency) is a public benefit corporation created by the State Legislature to promote the economic welfare, recreation opportunities, and property of the inhabitants of the County. Members of the Agency are appointed by the County Board of Supervisors and the County has the ability to impose its will and significantly influence the IDA. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The County is not liable for Agency bonds and exercises no oversight responsibility. The IDA is a component unit of the County, and is discretely presented.

Complete financial statements of the Madison County Industrial Development Agency may be obtained from its administrative office:

Madison County Industrial Development Agency
3215 Seneca Turnpike
Canastota, NY 13032

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Basis of Presentation

- **Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) concentrate on the County as a whole and do not emphasize fund types but rather governmental and business-type activities classification, which are presented separately. The governmental activities and business-type activities comprise the primary government and are reported separately from the discretely presented component units of the County. General governmental and intergovernmental revenues support the governmental activities, whereas the business-type activities are primarily supported by user fees and charges for services.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources to those funds are not available to support the County's own programs.

The Statement of Activities reflects the expenses of a given function or segment and the extent they are offset by program revenue. Program revenue is defined as charges for services, operating grants and contributions, and capital grants and contributions, directly associated within a given function. Taxes and other revenues not associated with a specific function are reported as general revenue.

The effect of interfund activity has been removed from the government-wide financial statements.

- **Fund Financial Statements**

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. Generally accepted accounting principles sets forth minimum criteria (percentage of the assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

- **Governmental Funds** - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position using the modified accrual basis of accounting. The following are the County's governmental fund types:

- a) **Major Governmental Funds:**

General Fund - the principal operating fund and includes all operations not accounted for and reported in another fund.

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities other than those financed by the enterprise funds.

County Road Fund - special revenue fund used to account for expenditures for highway purposes authorized by Section 114 of Highway Law.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

b) Non-major Governmental Funds

Other funds which do not meet the major fund criteria are aggregated and reported as non-major governmental funds. The following are reported as non-major governmental funds:

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness. The Debt Service Fund is presented as a non-major fund.

Special Revenue Funds - used to account for taxes, user fees, or other revenues, which are raised or received to provide special services to areas that may or may not encompass the whole County. The following are non-major special revenue funds utilized by the County:

Community Development Fund - used to account for grants which are furnished by the U.S. Department of Housing and Urban Development for various Community Development Projects.

Cowaselon Creek Watershed Protection District Fund - used to account for maintenance and preservation of the Cowaselon Creek watershed district.

Law Enforcement Trust Fund - used to account for proceeds of drug activities that are seized and/or forfeited and used solely for drug enforcement.

Road Machinery Fund - used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.

Water District Fund - used to account for taxes or other revenues which are raised or received to provide special services to an area that encompasses less than the entire County.

- Proprietary Funds - These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred. Proprietary funds of the County include the following fund types:

- a) Enterprise Funds - used to account for those operations that are financed and operated in a manner similar to private business. The County reports the following Enterprise Fund:

Environmental Landfill Fund - used to account for the financial activities of the County's landfill. The Environmental Landfill Fund is recognized as a major fund.

- b) Internal Service Funds - used to account for activities that provide goods or services to other funds, departments or agencies of the primary government, or to other governments, on a cost-reimbursement basis. The County reports the following Internal Service Fund:

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Self Insurance Fund - used to account for the financial activities of a Workers' Compensation Insurance Public Entity Risk Pool, as well as the County's self insured health insurance plan.

- **Fiduciary Funds** - The County's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes and agency). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. These funds are used to account for assets held by the local government in a trustee or custodial capacity. The following is reported as the County's fiduciary fund:

Custodial Fund - used to account for money and/or property received and held in a purely custodial capacity of the trustee, custodian or agent.

Basis of Accounting/Measurement Focus

- **Accrual**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

- **Modified Accrual**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are deemed measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes receivable, which use a 60-day available period.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- b) Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- c) Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.
- d) Net pension liability is charged as an expenditure when paid.
- e) Other post-employment benefits are charged as an expenditure when paid.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

State and Federal Receivables and Accounts Receivable

These accounts include reimbursement claims for various grant-in-aid programs from State and Federal agencies. An allowance for doubtful accounts is recorded related to accounts receivable in the Environmental Landfill Fund of \$32,743 at December 31, 2020. Management does not believe an allowance for doubtful accounts is necessary for any other receivable balances.

Prepaid Expense/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, as applicable.

Inventories

The County uses the purchase method of accounting for inventories. At the end of the period, material and supplies inventories are taken and significant inventories are recorded as an asset with an offset to reserve for inventories referred to as nonspendable fund balance. Inventories are valued at cost using the first-in, first-out (FIFO) method.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a use of resources that applies to a future period and so will be not recognized as an outflow (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. In the governmental funds, deferred inflows of resources will include amounts related to unearned revenue and amounts related to property taxes in the General Fund. In the government-wide financial statements, deferred outflows and inflows of resources also relate to pension and other postemployment benefits obligations and are further described in Note 10 and 11.

Long-Term Obligations

Long-term obligations represent the County's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the government-wide statements.

Compensated Absences

Under the terms of the personnel policies and union contracts, County employees, other than elected officials, are granted personal, vacation and sick leave credits and may accumulate these credits as follows:

Personal Leave – Employees are granted between three and five days personal leave each year depending on their contracts, coverage, and hiring date. At December 31 of each year, all unused personal leave is converted to sick leave. Employees are not paid for the value of their unused personal leave credits upon termination.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Sick Leave – Employees are granted sick leave credits ranging from one-half day per month to one day per month, depending on their contracts and hiring date. All covered employees are allowed to accumulate up to 165 days of sick leave credits, except those in the White Collar Bargaining Unit and those covered by the Management Compensation Plan, who are allowed to accumulate up to 200 days of sick leave. Depending on contract and hiring date, employees are allowed to buy-back sick leave credits. The buy-back of sick leave credits is limited to those days in excess of 100 days accumulated and may not exceed 30 days of buy-back credits. In addition, the benefit buy-back is paid at 50% of the employee's current hourly rate. Employees at termination, except those in the Management Compensation Plan, with at least 10 years of service, are compensated from a minimum of between 10 and 20 days of accumulated sick leave and as many as between 20 and 60 days depending on contract and length of service.

Vacation Leave – Employees are granted vacation leave credits ranging from 10 days to 20 days depending on contract and years of service. The maximum accumulation per employee is 40 days. Full time employees, except those in the Nurses Bargaining Unit, may receive up to 30 days' pay in lieu of vacation time. Employees receive payment at termination from 10 days to 40 days of vacation leave credits depending on contract and years of service.

Terminal Benefits – Most employees in the Management Compensation Plan receive additional termination benefits ranging from two weeks to ten weeks depending on years of service, up to a maximum of \$25,000 upon termination for any reason except discharge.

Capital Assets

All capitalized assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly increase the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are not reported in the governmental funds and additions are recorded as expenditures.

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets as summarized below:

<u>Class of Asset</u>	<u>Threshold</u>
Land	All
Land Improvements	All
Construction in Progress	Aggregate costs
Buildings (includes building improvements)	20,000
Improvements (other than buildings)	10,000
Infrastructure	50,000
Machinery and Equipment	10,000

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life</u>
Land	Not depreciable
Construction in Progress	Not depreciable
Buildings (includes building improvements)	25-50 years
Improvements (other than buildings)	15-20 years
Infrastructure	10-65 years
Machinery and Equipment	5-30 years

Operating and Non-operating Revenues and Expenses

The County distinguishes between operating revenues expenses from non-operating items. Operating revenues are comprised of charges for services while non-operating revenues include state and federal aid and miscellaneous sources. Operating expenses are the result of operating the landfill and contractual charges in the Workers Compensation Fund. Non-operating expenses include interest expense.

Equity Classifications

- **Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

The County's policy is to use restricted resources prior to utilizing unrestricted funds.

- **Fund Statements**

Accounting standards generally accepted in the United States provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances**

These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balance is comprised of prepaid assets and inventory.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

- **Restricted Fund Balances**

These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Significant restricted balances in the General Fund are liability fleet insurance and fleet reserves in the amount of \$1,103,687 and \$438,129, respectively, at December 31, 2020.

- **Committed Fund Balances**

These are amounts that can be used only for specific purposes determined by a formal action of the Board of Supervisors prior to year-end. The Board of Supervisors is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Supervisors. Committed fund balances reported in special revenue funds are committed for the purposes of those funds.

- **Assigned Fund Balances**

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes, or positive remaining fund balance in a fund other than General Fund. It is at the discretion of the Board of Supervisors or its designee to make assignments as it sees fit. At December 31, 2020, assigned fund balance in the General Fund primarily comprises \$3,804,929 for appropriated amounts in the 2021 budget.

- **Unassigned Fund Balances**

These are amounts within the General Fund that do not meet the definition of the above four classifications and are deemed to be available for general use by the County. In addition, any remaining negative fund balance for funds other than the General Fund is considered unassigned fund balance.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment or assignment actions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Policies

The County's budget policies are as follows:

- (1) No later than November 15, the Budget Officer submits a tentative budget to the Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General, Part County Watershed Protection District, County Road, Road Machinery, Enterprise Environmental Landfill, Part County Sewer District and Debt Service funds.
- (2) After public hearings are conducted to obtain taxpayer comments, the Board of Supervisors generally makes, by resolution, modifications to the tentative budget and adopts the budget no later than December 20.
- (3) Most modifications of the budget must be approved by the Board of Supervisors. The Board has authorized transfers of immaterial amounts within department budget line items by coordination of the County Administrator, Budget Officer, and the department head. Revisions that alter the total appropriation of any department or fund are approved by resolution of the Board of Supervisors.
- (4) Budgetary controls are established for the Capital Projects Fund through resolutions establishing the projects. These controls remain in effect throughout the life of the project.
- (5) A budget is prepared for the Enterprise Environmental Landfill Fund to establish the estimated contributions required from other funds and to control expenditures.
- (6) Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

3. PROPERTY TAXES AND COLLECTION

County real property taxes are levied annually, no later than December 31 of each year for the following fiscal year, and become a tax lien on January 1. For fiscal year 2020, the County's real property tax levy (for county-wide purposes) was \$39,689,672 and the composite tax rate was \$9.14824.

Taxes are collected by the town tax collectors during the period January 1 to the expiration of their warrant, which is generally April 30. No later than May 10, the delinquent taxes are returned by the tax collectors to the County Treasurer for the enforcement of the collection of the delinquent tax. Taxes for County purposes are levied together with taxes for town and special district purposes as a single tax bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined tax bill. The collection of County taxes levied on properties within the City of Oneida is enforced by the City, and the County receives the full amount of such taxes from the City within the year of the levy.

The County guarantees the real property tax levies of the towns, villages and school districts located within the County, except city school district taxes on property located within the City of Oneida. The County guarantees the Oneida City School District taxes in the Towns of Lenox and Lincoln upon payment or tax foreclosure. At December 31, 2020, the County reflected liabilities to the non-city school districts of \$4,195,456, the city school district of \$166,594 and the villages of \$329,743, for amounts of real property taxes that the County had assumed responsibility for collecting. The County will pay the respective school districts and villages the amounts owed by April 1, and these are included in the amounts due to other governments in the accompanying financial statements. Any such taxes remaining unpaid at year end are relieved as County taxes on December 31.

At December 31, 2020, the total net real property taxes receivable was \$6,934,092 (after deduction of an allowance for uncollectible taxes of \$815,000).

4. TAX ABATEMENTS

As of December 31, 2020, the County tax abatement programs include abatements on property taxes, sales taxes and mortgage recording taxes. All abatement agreements are made by various area industrial development agencies, cities and townships.

All property tax abatements are performed through Payments in Lieu of Taxes (PILOT) agreements made by various area industrial development agencies, cities and townships. The PILOT agreements are made to support manufacturing, utilities and other purposes. Total amounts received from PILOT agreements in each of these categories for the year ended December 31, 2020 are as follows:

Manufacturing	\$	27,746
Housing/apartments		43,493
Other		65,257

PILOT agreements entered into by various area industrial development agencies, cities and townships abated \$389,702 of County property taxes in 2020.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

5. SALES AND USE TAX

The County of Madison receives a 4% local sales and use tax on all collections in the County. For sales and use tax imposed inside the City of Oneida, the County receives its 2% share from the State of New York. For sales and use tax imposed outside the City of Oneida, the County receives a 4% local sales and use tax and by State statute, must share 50% of this gross sales tax with towns or villages within the County.

The towns' and villages' 50% share is distributed to each municipality based on the percentage each contributes toward the annual County tax levy. Eight villages and two towns have opted to receive their sales tax distribution as a direct payment and can use the sales tax revenue for any purpose. The other two villages and 13 townships, by State statute, must first have their sales tax distribution used to reduce their respective County taxes based on the percentage each contributes to the annual County tax levy. Any sales tax surplus at the end of the year is used to reduce the ensuing year's town tax rates.

On June 1, 2004, the County increased its local sales and use tax from 3% to 4%. In 2007, 2009, 2011, 2013, 2015, 2017 and again in 2020, the County extended the additional 1% sales and compensating use tax. The current County sales and use tax legislation is scheduled to expire on November 30, 2023, at which time it must be rescinded, amended or renewed.

The sales tax portion of the General Fund's non-property tax items amounted to \$32,105,000 in 2020 of which \$13,207,207 was distributed to towns and villages to decrease County and town tax rates. At December 31, 2020, this amount included an accrual of approximately \$2,683,866 for sales tax transactions that occurred in the State of New York in 2020 that had not yet been received by the County. At December 31, 2020, sales tax due to towns and villages amounted to \$8,788,800 and this governmental activities and general fund liability is included in "Due to other governments" in the accompanying basic financial statements.

The County recognized as sales tax revenue the entire 4% while the subsequent payments to the towns and villages are recognized as general governmental expenditures in the General Fund.

6. CASH AND CASH EQUIVALENTS

The County currently follows an investment and deposit policy as directed by State statutes, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the County Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The County's investment policy, governed by the State statutes, does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies. As of December 31, 2020, the County's bank balance of \$52,799,499 was covered by depository insurance of \$1,100,492 and collateralized by pledged securities held by the pledging banks' trust departments in the County's name and exposed to custodial credit risk in the amount of \$51,699,007.

The County does not have any foreign currency investments, securities lending agreements, or derivative instruments.

Restricted Cash

The County reports restricted cash amounts related to reserves, as well as unspent debt proceeds restricted for use in capital projects.

7. INTERFUND BALANCES

Interfund Transactions

Transfers among funds are provided for as part of the annual budget process. Interfund transfers for the year ended December 31, 2020, which were routine in nature, were as follows:

	<u>Interfund Transfers From</u>				
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Agg. Remaining Funds</u>	<u>Total</u>
Interfund Transfers To:					
General Fund	\$ -	\$ 1,255,870	\$ 830,200	\$ 346,474	\$ 2,432,544
Capital Projects Fund	573,551	-	200,000	-	773,551
County Road Fund	9,755,717	-	-	-	9,755,717
Aggregate Remaining Funds	<u>4,932,785</u>	<u>244,713</u>	<u>495,000</u>	<u>-</u>	<u>5,672,498</u>
 Total	 <u>\$ 15,262,053</u>	 <u>\$ 1,500,583</u>	 <u>\$ 1,525,200</u>	 <u>\$ 346,474</u>	 <u>\$ 18,634,310</u>

The following schedule summarizes individual fund interfund receivables and payables at December 31, 2020:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,175,817	\$ 1,359,211
Capital Projects Fund	555,151	2,848,270
County Road Fund	9,566	107,657
Community Development Fund	1,880	27,620
Road Machinery Fund	1,584	90,871
Water Fund	-	16,266
Environmental Landfill Fund	-	67,147
Self Insurance Fund	<u>775,544</u>	<u>2,500</u>
 Total	 <u>\$ 4,519,542</u>	 <u>\$ 4,519,542</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Interfund transactions between governmental activities are eliminated on the Statement of Net Position. All interfund payables are expected to be repaid within one year.

8. CAPITAL ASSETS

Capital asset activity of governmental activities for the year ended December 31, 2020 is detailed as follows:

Type	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable:					
Land	\$ 2,236,271	\$ -	\$ -	\$ -	\$ 2,236,271
Construction in progress	<u>36,358,866</u>	<u>7,055,325</u>	<u>(21,692,432)</u>	<u>-</u>	<u>21,721,759</u>
Subtotal	<u>38,595,137</u>	<u>7,055,325</u>	<u>(21,692,432)</u>	<u>-</u>	<u>23,958,030</u>
Depreciable:					
Buildings	32,830,176	22,890,960	(55,907)	-	55,665,229
Improvements	2,290,254	-	-	-	2,290,254
Infrastructure	160,419,278	4,057,147	(19,045)	-	164,457,380
Machinery and equipment	<u>28,120,190</u>	<u>1,064,499</u>	<u>(1,966,491)</u>	<u>-</u>	<u>27,218,198</u>
Subtotal	<u>223,659,898</u>	<u>28,012,606</u>	<u>(2,041,443)</u>	<u>-</u>	<u>249,631,061</u>
Total capital assets	<u>262,255,035</u>	<u>35,067,931</u>	<u>(23,733,875)</u>	<u>-</u>	<u>273,589,091</u>
Accumulated Depreciation:					
Buildings	(14,989,745)	(632,253)	6,713	-	(15,615,285)
Improvements	(1,380,646)	(68,611)	-	-	(1,449,257)
Infrastructure	(89,369,180)	(3,505,953)	17,141	-	(92,857,992)
Machinery and equipment	<u>(16,998,234)</u>	<u>(1,993,847)</u>	<u>1,507,863</u>	<u>-</u>	<u>(17,484,218)</u>
Total	<u>(122,737,805)</u>	<u>(6,200,664)</u>	<u>1,531,717</u>	<u>-</u>	<u>(127,406,752)</u>
Capital Assets, Net	<u>\$ 139,517,230</u>	<u>\$ 28,867,267</u>	<u>\$ (22,202,158)</u>	<u>\$ -</u>	<u>\$ 146,182,339</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Depreciation expense was charged to the County's functions and programs as follows:

Governmental activities:

General government support	\$ 362,919
Public safety	1,235,433
Public health	47,983
Transportation	4,366,417
Economic assistance and opportunity	180,386
Culture and recreation	6,919
Home and community services	607

Total \$ 6,200,664

Capital asset activity of business-type activities for the year ended December 31, 2020 is detailed as follows:

Type	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Nondepreciable assets:					
Land	\$ 715,031	\$ -	\$ -	\$ -	\$ 715,031
Construction in Progress	<u>3,375,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,375,149</u>
Subtotal	<u>4,090,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,090,180</u>
Depreciable assets:					
Buildings	1,467,936	-	-	-	1,467,936
Improvements	15,875,300	-	-	-	15,875,300
Infrastructure	1,197,446	-	-	-	1,197,446
Machinery and Equipment	<u>5,382,585</u>	<u>401,206</u>	<u>(250,842)</u>	<u>-</u>	<u>5,532,949</u>
Subtotal	<u>23,923,267</u>	<u>401,206</u>	<u>(250,842)</u>	<u>-</u>	<u>24,073,631</u>
Total capital assets	<u>28,013,447</u>	<u>401,206</u>	<u>(250,842)</u>	<u>-</u>	<u>28,163,811</u>
Accumulated Depreciation:					
Buildings	(691,354)	(26,854)	-	-	(718,208)
Improvements	(10,216,473)	(661,697)	-	-	(10,878,170)
Infrastructure	(372,167)	(43,318)	-	-	(415,485)
Machinery and Equipment	<u>(3,356,669)</u>	<u>(268,114)</u>	<u>245,464</u>	<u>-</u>	<u>(3,379,319)</u>
Total	<u>(14,636,663)</u>	<u>(999,983)</u>	<u>245,464</u>	<u>-</u>	<u>(15,391,182)</u>
Capital Assets, Net	<u>\$ 13,376,784</u>	<u>\$ (598,777)</u>	<u>\$ (5,378)</u>	<u>\$ -</u>	<u>\$ 12,772,629</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

9. LOANS RECEIVABLE

Housing and Urban Development (HUD) Loans

The Community Development Fund provides loans for mortgage assistance in a program funded by HUD. Loans are forgiven provided the recipient fulfills certain requirements and therefore, there are no future payments scheduled and these balances are reported as accounts receivable. At December 31, 2020, the receivable balance related to this program is \$343,302 and there is an offsetting deferred inflow of resources reported in both the Community Development Fund and governmental activities.

Community Development Block Grant (CDBG) Revolving Loans

The Community Development Fund provides loans as part of a revolving loan program funded by CDBG. The various loans range from \$50,000 to \$100,000 at December 31, 2020.

The loans receivable are to be repaid in monthly installments with interest rates ranging from 3.00% to 4.25%. The following is a schedule of future loan payments to the County as of December 31, 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 27,229	\$ 4,024	\$ 31,253
2022	19,203	3,033	22,236
2023	20,035	2,201	22,236
2024	20,903	1,332	22,235
2025	<u>19,955</u>	<u>427</u>	<u>20,382</u>
Total	<u>\$ 107,325</u>	<u>\$ 11,017</u>	<u>\$ 118,342</u>

10. RETIREMENT PLANS

New York State Employees' Retirement System (NYSERS)

The County participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System, System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 4,433,731
2019	\$ 4,243,584
2018	\$ 4,112,462

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2020, the County reported a net pension liability of \$33,902,137 (\$32,504,691 in the governmental activities and \$1,397,446 in the business-type activities) for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of April 1, 2019. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the County's proportionate share was 0.1280264%.

For the year ended December 31, 2020, the County recognized pension expense of \$10,869,491 (\$10,423,842 in the governmental activities and \$445,649 in the business-type activities). At December 31, 2020, the County reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,995,278	\$ -
Changes in assumptions	682,628	589,438
Net difference between projected and actual earnings on pension plan investments	17,379,883	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	423,946	1,670,100
County's contributions subsequent to the measurement date	<u>3,416,458</u>	<u>-</u>
Total	<u>\$ 23,898,193</u>	<u>\$ 2,259,538</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

The allocation of deferred inflows and outflows for the governmental activities at December 31, 2020 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,913,033	\$ -
Changes in assumptions	654,490	565,141
Net difference between projected and actual earnings on pension plan investments	16,663,484	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	406,471	1,601,259
County's contributions subsequent to the measurement date	<u>3,275,632</u>	<u>-</u>
Total	<u>\$ 22,913,110</u>	<u>\$ 2,166,400</u>

The allocation of deferred inflows and outflows for the business-type activities at December 31, 2020 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,245	\$ -
Changes in assumptions	28,138	24,297
Net difference between projected and actual earnings on pension plan investments	716,399	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	17,475	68,841
County's contributions subsequent to the measurement date	<u>140,826</u>	<u>-</u>
Total	<u>\$ 985,083</u>	<u>\$ 93,138</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended March 31:</u>	Gov't Activities	Business-type Activities
	<u>Amount</u>	<u>Amount</u>
2021	\$ 2,667,202	\$ 114,669
2022	4,347,835	186,923
2023	5,717,490	245,807
2024	<u>4,738,551</u>	<u>203,720</u>
Total	<u>\$ 17,471,078</u>	<u>\$ 751,119</u>

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	4.20% indexed by service
Projected COLAs	1.30% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment rate of return	6.8% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term Expected real rate of return in %</u>
Domestic equity	36.0	4.05
International equity	14.0	6.15
Private equity	10.0	6.75
Real estate	10.0	4.95
Absolute return strategies	2.0	3.25
Opportunistic portfolio	3.0	4.65
Real assets	3.0	5.95
Bonds and mortgages	17.0	0.75
Cash	1.0	-
Inflation-indexed Bonds	4.0	0.50
Total	<u>100</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the County's total proportionate share (including governmental activities and business-type activities) of the net pension liability calculated using the discount rate of 6.8%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.8%) or 1% higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Discount (6.8%)</u>	<u>1% Increase (7.8%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 62,219,994	\$ 33,902,137	\$ 7,821,272

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position (in Thousands)

The components of the current-year net pension liability of the employers as of March 31, 2020 were as follows (amounts in thousands):

Total pension liability	\$ 194,596,261
Net position	<u>(168,115,682)</u>
Net pension liability (asset)	<u>\$ 26,480,579</u>
ERS net position as a percentage of total pension liability	<u>86.39%</u>

11. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The County provides certain healthcare benefits for retired employees, their dependents and certain survivors. The County recognizes the cost of postemployment healthcare in the year when the services are received and reports the accumulated liability from prior years.

The County provides continuation of medical insurance coverage to eligible employees who retire directly into the New York State Retirement System, and to eligible elected officials who have attained at least 10 years of service to the County. The plan is a single employer, postemployment healthcare benefits plan. The retirees and their beneficiaries receive this medical coverage for the remainder of their lives.

Funding Policy

The majority of employees do not contribute toward the cost of these post-employment benefits. However, the number of future retirees who contribute will continue to increase, as members of certain bargaining units and employees covered by the Management Compensation Plan will be required to contribute varying percentages based on their dates of hire. All retiree beneficiaries are required to contribute the full premiums for the respective plans. Actual medical claims paid on behalf of non-Medicare eligible retirees and their beneficiaries are self-funded by the County. Medicare eligible retirees and their beneficiaries are enrolled in a fully insured Medicare Advantage Plan. The County currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

Total OPEB Liability

The County's total OPEB liability of \$83,227,724 (\$79,796,650 in the governmental activities and \$3,431,074 in the business-type activities) was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

Employees Covered by Benefit Terms

As of the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	362
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	<u>523</u>
Total Participants	<u>885</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Changes in the Total OPEB Liability

	Governmental Activities	Business-type Activities	Total Primary Government
Balance at January 1, 2020	\$ 75,189,997	\$ 2,999,412	\$ 78,189,409
Changes for the year:			
Service cost	3,068,427	114,445	3,182,872
Interest	2,860,672	113,238	2,973,910
Differences between expected and actual experience	(9,683,077)	(64,541)	(9,747,618)
Changes in assumptions	10,663,374	391,807	11,055,181
Benefit payments	(2,302,743)	(123,287)	(2,426,030)
Net changes	4,606,653	431,662	5,038,315
Balance at December 31, 2020	\$ 79,796,650	\$ 3,431,074	\$ 83,227,724

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71% in 2019 to 2.75% in 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	3.71% as of December 31, 2019 reporting date; 2.75% as of December 31, 2020 reporting date, based on an analysis of 20-Year Municipal Bond Index.
Real wage growth	2.50%
Health Care Cost Trends	Assumed rates in year one are: 6.75% for Pre-65 Medical, 4.50% for Post-65 Medicare Advantage, and 7.00% for Prescription Drug; all declining to an ultimate rate of 3.784% in 2075 and beyond.
Mortality	The sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2019 mortality improvement scale on a generational basis.
Retirement Rates	Valuation is based on the most recent New York State Employees' Retirement System (ERS). ERS tables are based on version released in 2015.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents that the total OPEB liability for the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current discount rate:

	<u>1 % Decrease</u>	<u>Current</u>	<u>1 % Increase</u>
Total OPEB Liability	\$ 97,965,820	\$ 83,227,724	\$ 71,525,582

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following present the total OPEB Liability of the County, as well as what the County's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	<u>1 % Decrease</u>	<u>Current</u>	<u>1 % Increase</u>
Total OPEB Liability	\$ 70,084,723	\$ 83,227,724	\$ 100,313,680

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the County recognized OPEB expense of \$5,849,855 (\$5,490,275 in the governmental activities and \$359,580 in the business-type activities). At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Changes in assumptions	\$ 13,040,496	\$ 560,712	\$ 13,601,208
County's contributions subsequent to the measurement date	<u>2,504,039</u>	<u>107,668</u>	<u>2,611,707</u>
Total	<u>\$ 15,544,535</u>	<u>\$ 668,380</u>	<u>\$ 16,212,915</u>
	<u>Deferred Inflows</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Differences between expected and actual experience	\$ 8,074,835	\$ 347,200	\$ 8,422,035
Changes in assumptions	<u>6,456,992</u>	<u>277,635</u>	<u>6,734,627</u>
Total	<u>\$ 14,531,827</u>	<u>\$ 624,835</u>	<u>\$ 15,156,662</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

County contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
2021	\$ (294,274)	\$ (12,653)	\$ (306,927)
2022	(294,274)	(12,653)	(306,927)
2023	(294,274)	(12,653)	(306,927)
2024	(298,063)	(12,816)	(310,879)
2025	(279,985)	(12,039)	(292,024)
2026 and thereafter	(30,461)	(1,309)	(31,770)
Total	<u>\$ (1,491,331)</u>	<u>\$ (64,123)</u>	<u>\$ (1,555,454)</u>

Assets Accumulated in Trust

As of the date of the financial statement, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding other post employment benefits. As such, there are no assets accumulated in a trust that meets all of the criteria in *GASB Statement No. 75, Paragraph 4*.

12. SHORT-TERM OBLIGATIONS

Bond Anticipation Notes

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and the Enterprise Landfill Fund. Principal payments on BANs must be made annually. State Law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that annual reductions of principal are made.

Short-term bond anticipation note payable detail as of December 31, 2020 and activity for the year then ended, was as follows:

<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning</u>	<u>Issued</u>	<u>Deletions</u>	<u>Ending Balance</u>
8/2019	7/2020	2.00%	\$ 4,200,000	\$ -	\$ (4,200,000)	\$ -
10/2019	7/2020	1.75%	14,000,000	-	(14,000,000)	-
5/2020	4/2021	1.75%	-	16,000,000	-	16,000,000
7/2020	4/2021	1.50%	-	21,240,000	-	21,240,000
Total			<u>\$ 18,200,000</u>	<u>\$ 37,240,000</u>	<u>\$ (18,200,000)</u>	<u>\$ 37,240,000</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

13. LONG-TERM LIABILITIES

Bonds

The County borrows funds on a long-term basis for the purpose of financing acquisition of equipment and construction of buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations represent a reconciling item between the fund and government-wide statements. Interest expense net of bond premium amortization for governmental activities for the year ended December 31, 2020 was \$248,765. Detail relating to general obligation bonds of the County, outstanding at December 31, 2020, is summarized as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities				
Water line	2017	2036	2.00 - 3.125%	\$ 1,145,000
Total governmental activities				<u>\$ 1,145,000</u>
Business-type Activities				
Landfill expansion	2017	2036	2.00 - 3.125%	\$ 3,645,000
Total business-type activities				<u>\$ 3,645,000</u>

Principal and interest payments due on the bonds outstanding at December 31, 2020, for the primary government, are as follows:

Governmental Activities		
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 55,000	\$ 33,863
2022	55,000	32,213
2023	60,000	30,488
2024	60,000	28,688
2025	65,000	26,813
2026-2030	345,000	104,063
2031-2035	405,000	47,600
2036	<u>100,000</u>	<u>1,563</u>
Total	<u>\$ 1,145,000</u>	<u>\$ 305,291</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Business-type Activities		
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 175,000	\$ 107,756
2022	185,000	102,356
2023	190,000	96,731
2024	195,000	90,956
2025	200,000	85,031
2026-2030	1,110,000	328,856
2031-2035	1,315,000	146,900
2036	275,000	4,297
Total	<u>\$ 3,645,000</u>	<u>\$ 962,883</u>

Installment Purchase Debt - Leases

The County has two (2) Energy Performance Contract Lease Purchase Agreements that were issued to finance energy-related improvements. Detail relating to the leases outstanding at December 31, 2020, is summarized as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities				
Energy efficiency lease #1	2016	2033	2.98%	\$ 1,900,586
Energy efficiency lease #2	2016	2026	3.25%	<u>82,683</u>
Total governmental activities				<u>\$ 1,983,269</u>

Principal and interest payments due on the leases outstanding at December 31, 2020, for the primary government, are as follows:

Governmental Activities		
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 173,744	\$ 59,325
2022	191,972	54,117
2023	140,415	48,362
2024	150,746	44,143
2025	161,568	39,612
2026-2030	731,261	129,434
2031-2033	433,563	23,755
Total	<u>\$ 1,983,269</u>	<u>\$ 398,748</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

Loan Payable - EFC Financing

The County received interest-free financing from the New York State Environmental Facilities Corporation (EFC) in the amount of \$3,310,000 to finance a Sewer Pipeline Project in the Enterprise Landfill Fund. In 2018, the loan was converted into a long-term obligation at the completion of the project. At December 31, 2020, principal payments are due as follows:

Business-type Activities	
<u>Year Ending Date</u>	<u>Principal</u>
2021	\$ 109,000
2022	106,687
2023	109,000
2024	109,000
2025	109,000
2026-2030	545,000
2031-2035	545,000
2036-2040	545,000
2041-2045	545,000
2046-2048	331,920
Total	<u>\$ 3,054,607</u>

Long-term Liabilities

The following is a summary of changes in long-term liabilities that occurred during the fiscal year ending December 31, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Governmental Activities:					
Serial bonds	\$ 3,145,000	\$ -	\$ (2,000,000)	\$ 1,145,000	\$ 55,000
Unamortized bond premium	22,190	-	(22,190)	-	-
Installment purchase debt	2,213,855	-	(230,586)	1,983,269	173,744
Compensated absences	4,059,761	584,537	-	4,644,298	-
Net pension liability	8,482,804	24,021,887	-	32,504,691	-
OPEB	75,189,997	4,606,653	-	79,796,650	-
Total	<u>\$ 93,113,607</u>	<u>\$ 29,213,077</u>	<u>\$ (2,252,776)</u>	<u>\$ 120,073,908</u>	<u>\$ 228,744</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Business-type Activities:					
Serial bonds	\$ 3,815,000	\$ -	\$ (170,000)	\$ 3,645,000	\$ 175,000
Loan payable	3,153,767	9,840	(109,000)	3,054,607	109,000
Compensated absences	135,572	7,688	-	143,260	-
Landfill closure/ post-closure	8,089,969	2,742,155	-	10,832,124	-
Net pension liability	344,255	1,053,191	-	1,397,446	-
OPEB	2,999,412	431,662	-	3,431,074	-
Total	\$ 18,537,975	\$ 4,244,536	\$ (279,000)	\$ 22,503,511	\$ 284,000

14. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal law and regulations require the County to place a final cover on its municipal landfill site when it stops accepting waste, and to perform certain maintenance and monitoring function at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used each year. The \$10,832,124 reported in the Landfill Fund as landfill closure and post-closure care liability represents the cumulative amount reported to date.

The landfill is comprised of the East Side and West Side, with the West Side being the active portion of the landfill. Based upon a projected landfill usage rate of 60,000 tons per year, the estimated remaining life of the constructed west side landfill after December 2020 is 4 years and 1 month.

These amounts are based on estimates of what it would cost to perform all post closure care as of December 31, 2020. Actual costs may be higher in the near term due to final approval of certain elements by the New York State Department of Environmental Conservation, inflation, changes in technology or changes in regulations.

15. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. Such lawsuits and claims are not, in the opinion of management, expected to have a material effect on the County's financial condition.

16. INSURANCE AND COMMITMENTS

The County purchases commercial insurance coverage and is self-insured for the deductible portion of its general liability risks. The County also funds its Workers' Compensation claim liability through a municipal workers' compensation risk pool, of which the County is the sponsoring member. In addition, the County is self-funded for its major medical, surgical, and hospital claims, which are administered by a third-party claims administrator. At December 31, 2020, the County has recognized \$403,819 as part of its accounts payable and other accrued liabilities in the Self Insurance Fund representing incurred but not yet reported health insurance claims. At December 31, 2020, the County also recognized \$102,754 as part of its accounts payable and other accrued liabilities in the Self Insurance Fund representing incurred but not yet reported dental and prescription claims.

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

The County has also accrued a liability of \$2,080,207 for workers' compensation premiums, unresolved claims and legal costs in its self insurance fund (Workers' Compensation) at December 31, 2020. A reconciliation of workers' compensation claims is presented below.

	2020	2019
Liability at January 1	\$ 1,533,674	\$ 1,607,798
Claims and changes in estimates	2,338,168	1,145,041
Claim payments	(1,791,635)	(1,219,165)
Liability at December 31	<u>\$ 2,080,207</u>	<u>\$ 1,533,674</u>

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement for benefits paid to County employees and charged to the County's account. There was no change in commercial coverage during 2020, and settled claims have not exceeded commercial coverage in any of the past five fiscal years.

The County has also entered into numerous operating lease agreements which, in the opinion of management, are not considered to be material.

17. FEDERAL AND STATE FUNDED PROGRAMS

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

18. PRIOR PERIOD ADJUSTMENT

Change in Accounting Principle

The County adopted GASB Statement No. 84, *Fiduciary Activities*. Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities.

Certain balances of the Custodial Funds (previously reported as Agency Funds) previously reported as liabilities, no longer meet the definition of a liability under Statement No. 84 and are now recognized as net position or recorded as liabilities in the General Fund. Accordingly, beginning net position and liabilities of the Custodial Fund were adjusted as follows:

Fiduciary Activities:	Assets	Liabilities	Total net position
As previously reported, December 31, 2019	\$ 9,258,417	\$ 9,258,417	\$ -
Restatement	<u>(8,251,933)</u>	<u>(9,258,417)</u>	<u>1,006,484</u>
As restated, January 1, 2020	<u>\$ 1,006,484</u>	<u>\$ -</u>	<u>\$ 1,006,484</u>

COUNTY OF MADISON, NEW YORK

Notes to Basic Financial Statements

	Cash & cash equivalents - unrestricted	Accounts payable & other accrued liabilities	Total fund balance
General Fund:			
As previously reported, December 31, 2019	\$ 11,417,979	\$ 6,349,639	\$ 21,801,382
Restatement	<u>8,251,933</u>	<u>8,251,933</u>	<u>-</u>
As restated, January 1, 2020	<u>\$ 19,669,912</u>	<u>\$ 14,601,572</u>	<u>\$ 21,801,382</u>
	Cash & cash equivalents - unrestricted	Accounts payable & other accrued liabilities	Total net position
Governmental Activities:			
As previously reported, December 31, 2019	\$ 18,435,229	\$ 8,519,391	\$ 61,760,826
Restatement	<u>8,251,933</u>	<u>8,251,933</u>	<u>-</u>
As restated, January 1, 2020	<u>\$ 26,687,162</u>	<u>\$ 16,771,324</u>	<u>\$ 61,760,826</u>

19. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the County and its future results and financial position is not presently determinable. The American Rescue Plan Act is projected to provide the County with approximately \$13.76 million. The funds are to be used for costs associated with responding to COVID-19, to support workers performing essential work, to cover revenue losses caused by the pandemic, or to make necessary investments in water, sewer or broadband infrastructure. Fifty percent of the award is expected to be received in 2021, with the remaining funds to be received in 2022.

20. SUBSEQUENT EVENTS

In April 2021, the County issued serial bonds in the amount of \$36,915,000 to finance the following projects: Courthouse Renovation \$18,065,000; County Office Building HVAC Upgrades \$2,650,000; and new Highway Facility \$16,200,000. The bonds, along with \$525,000 of available funds, were used to redeem \$37,240,000 bond anticipation notes. The issuance added an additional \$200,000 for the Highway Facility. The bonds carry an interest rate of 2%, and have a maturity date of April 15, 2045.

COUNTY OF MADISON, NEW YORK

Required Supplementary Information (Unaudited)
Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the year ended December 31, 2020

	Original Budget (Adopted)	Budget (Amended)	Actual	Intrafund Activity	Favorable (Unfavorable) Variance
REVENUES:					
Real property taxes	\$ 39,689,672	\$ 39,689,672	\$ 39,852,210	\$ -	\$ 162,538
Real property tax items	1,261,000	1,261,000	1,323,059	-	62,059
Non-property tax items	31,025,000	31,587,152	32,819,406	-	1,232,254
Departmental income	6,192,829	6,332,620	6,250,786	-	(81,834)
Intergovernmental charges	411,650	411,650	391,331	-	(20,319)
Use of money and property	297,006	297,006	165,351	-	(131,655)
Licenses and permits	20,000	20,000	20,938	-	938
Fines and forfeitures	167,800	167,800	80,936	-	(86,864)
Sale of property and compensation for loss	830,750	855,783	1,192,266	-	336,483
Miscellaneous local sources	331,552	614,159	1,063,666	-	449,507
Interfund revenues	1,753,153	1,857,802	155,971	1,686,410	(15,421)
State aid	16,331,747	21,664,409	18,313,082	-	(3,351,327)
Federal aid	7,148,359	8,333,185	7,903,096	-	(430,089)
Total revenues	<u>105,460,518</u>	<u>113,092,238</u>	<u>109,532,098</u>	<u>1,686,410</u>	<u>(1,873,730)</u>
EXPENDITURES:					
Current -					
General governmental support	30,305,748	34,352,568	31,101,691	1,290,262	1,960,615
Education	5,633,339	5,963,682	5,390,161	-	573,521
Public safety	19,216,106	20,625,300	18,018,218	257,843	2,349,239
Public health	7,458,032	7,765,238	7,127,443	87,998	549,797
Transportation	400,470	400,470	358,756	-	41,714
Economic assistance and opportunity	32,599,348	31,748,344	29,260,929	50,307	2,437,108
Culture and recreation	850,135	795,529	631,038	-	164,491
Home and community services	1,550,744	2,863,136	1,388,077	-	1,475,059
Employee benefits	1,261,952	1,329,005	1,909,244	-	(580,239)
Debt service -					
Principal	-	269,900	269,900	-	-
Interest	-	267,750	267,750	-	-
Total expenditures	<u>99,275,874</u>	<u>106,380,922</u>	<u>95,723,207</u>	<u>1,686,410</u>	<u>8,971,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,184,644</u>	<u>6,711,316</u>	<u>13,808,891</u>	<u>-</u>	<u>7,097,575</u>
OTHER FINANCING SOURCES (USES):					
Premiums on bond anticipation note issuance	-	-	252,495	-	252,495
Operating transfers - in	-	2,346,068	2,432,544	-	86,476
Operating transfers - out	(13,280,101)	(13,973,813)	(15,262,053)	-	(1,288,240)
Total other financing uses	<u>(13,280,101)</u>	<u>(11,627,745)</u>	<u>(12,577,014)</u>	<u>-</u>	<u>(949,269)</u>
CHANGE IN FUND BALANCE	<u>\$ (7,095,457)</u>	<u>\$ (4,916,429)</u>	<u>1,231,877</u>	<u>\$ -</u>	<u>\$ 6,148,306</u>
FUND BALANCE - beginning of year			<u>21,801,382</u>		
FUND BALANCE - end of year			<u>\$ 23,033,259</u>		

COUNTY OF MADISON, NEW YORK

Required Supplementary Information (Unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended December 31, 2020

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 3,192,872	\$ 3,688,319	\$ 3,141,041							
Interest	2,973,910	2,899,452	2,861,020							
Changes of benefit terms	(9,747,618)	-	-							
Differences between expected and actual experience	11,055,181	(9,271,193)	6,382,678							
Changes in assumptions	(2,426,030)	(2,325,821)	(2,154,868)							
Benefit payments	5,038,315	(5,069,243)	10,229,871							
Total change in total OPEB liability	78,189,409	83,258,652	73,028,781							
Total OPEB liability - beginning	\$ 83,227,724	\$ 78,189,409	\$ 83,258,652							
Total OPEB liability - ending	\$ 31,307,399	\$ 28,464,091	\$ 27,245,238							
Covered-employee payroll										
Total OPEB liability as a percentage of covered-employee payroll	265.84%	274.69%	305.59%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.75%	3.71%	3.31%
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Plan assets: No assets are accumulated in a trust that meets all of the criteria of GASB Statement No. 75, paragraph 4 to pay benefits.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

COUNTY OF MADISON, NEW YORK

**Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability
For the year ended December 31, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Proportion of the net pension liability (asset)	0.1280%	0.1246%	0.1290%	0.1177%	0.1171%	0.1153%				
Proportionate share of the net pension liability (asset)	\$ 33,902	\$ 8,827	\$ 4,163	\$ 11,059	\$ 18,794	\$ 3,895				
Covered-employee payroll	\$ 29,469	\$ 28,216	\$ 26,935	\$ 27,203	\$ 24,749	\$ 23,264				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	115.04%	31.28%	15.46%	40.65%	75.94%	16.74%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COUNTY OF MADISON, NEW YORK

Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension Plans
For the year ended December 31, 2020

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS										
Contractually required contribution	\$ 4,434	\$ 4,244	\$ 4,112	\$ 4,283	\$ 3,936	\$ 4,257				
Contributions in relation to the contractually required contribution	4,434	4,244	4,112	4,283	3,936	4,257				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 29,469	\$ 28,216	\$ 26,935	\$ 27,203	\$ 24,749	\$ 23,264				
Contributions as a percentage of covered-employee payroll	15.05%	15.04%	15.27%	15.74%	15.90%	18.30%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COUNTY OF MADISON, NEW YORK

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2020

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents, unrestricted	\$ 412,514	\$ -	\$ 412,514
Cash and cash equivalents, restricted	2,372,767	782,084	3,154,851
Accounts receivable, net	372,231	-	372,231
Loans receivable	107,325	-	107,325
Due from other funds	3,464	-	3,464
Prepaid expenditures	24,283	-	24,283
Inventories	465,607	-	465,607
Total assets	<u>\$ 3,758,191</u>	<u>\$ 782,084</u>	<u>\$ 4,540,275</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other accrued liabilities	\$ 130,646	\$ -	\$ 130,646
Unearned revenue	343,302	-	343,302
Due to other funds	134,757	-	134,757
Total liabilities	<u>608,705</u>	<u>-</u>	<u>608,705</u>
DEFERRED INFLOWS OF RESOURCES:			
Unearned revenue	<u>132,251</u>	<u>-</u>	<u>132,251</u>
FUND BALANCES:			
Nonspendable	489,890	-	489,890
Restricted	2,436,800	782,084	3,218,884
Committed	107,116	-	107,116
Unassigned	(16,571)	-	(16,571)
Total fund balances	<u>3,017,235</u>	<u>782,084</u>	<u>3,799,319</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,758,191</u>	<u>\$ 782,084</u>	<u>\$ 4,540,275</u>

COUNTY OF MADISON, NEW YORK

Supplementary Information

Combining Statement of Revenues, Expenditures and Change in Fund Balances -

Nonmajor Governmental Funds

For the year ended December 31, 2020

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
Real property taxes	\$ 7,000	\$ -	\$ 7,000
Departmental income	5,312	-	5,312
Intergovernmental charges	1,038	-	1,038
Use of money and property	5,980	-	5,980
Sale of property and compensation for loss	20,266	-	20,266
Miscellaneous local sources	39,574	-	39,574
Interfund revenues	637,719	-	637,719
State aid	375,854	-	375,854
Federal aid	633,734	-	633,734
Total revenues	1,726,477	-	1,726,477
EXPENDITURES:			
Current -			
Public safety	37,447	-	37,447
Transportation	2,041,954	-	2,041,954
Economic assistance and opportunity	751,140	-	751,140
Home and community services	489,786	-	489,786
Employee benefits	220,451	-	220,451
Debt service -			
Principal	-	2,230,586	2,230,586
Interest	-	153,104	153,104
Total expenditures	3,540,778	2,383,690	5,924,468
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,814,301)	(2,383,690)	(4,197,991)
OTHER FINANCING SOURCES:			
Operating transfers - in	1,962,452	2,421,806	4,384,258
Operating transfers - out	(86,475)	(259,999)	(346,474)
Total other financing sources	1,875,977	2,161,807	4,037,784
CHANGE IN FUND BALANCE	61,676	(221,883)	(160,207)
FUND BALANCE - beginning of year	2,955,559	1,003,967	3,959,526
FUND BALANCE - end of year	\$ 3,017,235	\$ 782,084	\$ 3,799,319

COUNTY OF MADISON, NEW YORK

Supplementary Information
Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2020

	Community Development	Cowaselon Creek	Law Enforcement Trust	Road Machinery	Water District	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents, unrestricted	\$ 109,769	\$ 76,436	\$ 9,637	\$ 216,672	\$ -	\$ 412,514
Cash and cash equivalents, restricted	825,788	-	-	1,546,979	-	2,372,767
Accounts receivable	370,552	-	-	1,679	-	372,231
Loans receivable	107,325	-	-	-	-	107,325
Due from other funds	1,880	-	-	1,584	-	3,464
Prepaid expenditures	8,350	-	-	15,933	-	24,283
Inventories	-	-	-	465,607	-	465,607
Total assets	\$ 1,423,664	\$ 76,436	\$ 9,637	\$ 2,248,454	\$ -	\$ 3,758,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and other accrued liabilities	\$ 68,393	\$ 40,000	\$ -	\$ 21,948	\$ 305	\$ 130,646
Unearned revenue	343,302	-	-	-	16,266	343,302
Due to other funds	27,620	-	-	90,871	-	134,757
Total liabilities	439,315	40,000	-	112,819	16,571	608,705
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	132,251	-	-	-	-	132,251
FUND BALANCES:						
Nonspendable	8,350	-	-	481,540	-	489,890
Restricted	843,748	36,436	9,637	1,546,979	-	2,436,800
Committed	-	-	-	107,116	-	107,116
Unassigned	-	-	-	-	(16,571)	(16,571)
Total fund balances	852,098	36,436	9,637	2,135,635	(16,571)	3,017,235
Total liabilities, deferred inflows of resources and fund balances	\$ 1,423,664	\$ 76,436	\$ 9,637	\$ 2,248,454	\$ -	\$ 3,758,191

COUNTY OF MADISON, NEW YORK

Supplementary Information
Combining Statement of Revenues, Expenditures and Change in Fund Balances -
Nonmajor Special Revenue Funds
For the year ended December 31, 2020

	Community Development	Cowaselon Creek	Law Enforcement Trust	Road Machinery	Water Fund	Total Nonmajor Special Revenue Funds
REVENUES:						
Real property taxes	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ 7,000
Departmental income	5,312	-	-	-	-	5,312
Intergovernmental charges	-	-	-	1,038	-	1,038
Use of money and property	2,723	-	-	3,257	-	5,980
Sale of property and compensation for loss	-	-	-	20,266	-	20,266
Miscellaneous local sources	1,853	-	35,656	2,065	-	39,574
Interfund revenues	59,500	-	-	578,219	-	637,719
State aid	375,854	-	-	-	-	375,854
Federal aid	633,734	-	-	-	-	633,734
Total revenues	1,078,976	7,000	35,656	604,845	-	1,726,477
EXPENDITURES:						
Current -						
Public safety	-	-	37,447	-	-	37,447
Transportation	-	-	-	2,041,954	-	2,041,954
Economic assistance and opportunity	711,140	40,000	-	-	-	751,140
Home and community services	486,021	-	-	-	3,765	489,786
Employee benefits	-	-	-	220,451	-	220,451
Total expenditures	1,197,161	40,000	37,447	2,262,405	3,765	3,540,778
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(118,185)	(33,000)	(1,791)	(1,657,560)	(3,765)	(1,814,301)
OTHER FINANCING SOURCES (USES):						
Operating transfers - in	-	-	-	1,842,291	120,161	1,962,452
Operating transfers - out	(14,800)	-	-	(71,675)	-	(86,475)
Total other financing sources	(14,800)	-	-	1,770,616	120,161	1,875,977
CHANGE IN FUND BALANCE	(132,985)	(33,000)	(1,791)	113,056	116,396	61,676
FUND BALANCE - beginning of year	985,083	69,436	11,428	2,022,579	(132,967)	2,955,559
FUND BALANCE - end of year	\$ 852,098	\$ 36,436	\$ 9,637	\$ 2,135,635	\$ (16,571)	\$ 3,017,235

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 4, 2021

To the Board of Supervisors of
County of Madison, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Madison, New York (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 4, 2021. Our report includes a reference to other auditors who audited the financial statements of Madison County Industrial Development Agency as described in our report on County of Madison, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item number 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Madison, New York's Response to Finding

The County of Madison, New York's response to the finding identified in our audit is described in the schedule of findings and questioned costs. The County of Madison, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

August 4, 2021

Members of the Madison County Board of
Supervisors
County of Madison, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Madison, New York's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Madison County Industrial Development Agency whose federal awards are not included in the schedule of expenditures of federal awards for the year ended December 31, 2020. Our audit, described below, did not include the federal awards of the above entity as this entity conducted a separate audit in accordance with OMB Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bonadio & Co., LLP

COUNTY OF MADISON, NEW YORK

Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-Through Entity Identification Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Agriculture:				
Passed-through NYS Department of Family Assistance:				
SNAP Cluster				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 610,257	
Total SNAP Cluster			610,257	
Total Department of Agriculture			610,257	
U.S. Department of Justice:				
Direct Program:				
Bulletproof Vest Partnership Program	16.607		14,236	
Passed-through New York State Division of Criminal Justice Service:				
National Criminal History Improvement Program	16.554		68,400	
Total Department of Justice			82,636	
U.S. Department of Labor:				
Direct Program:				
Trade Adjustment Assistance	17.245		4,500	
Passed-through County of Herkimer, New York:				
WIOA Cluster				
WIOA Adult Program	17.258		232,542	
WIOA Youth Activities	17.259		245,635	
WIOA Dislocated Water Formula Grants	17.278		113,298	
Total WIOA Cluster			591,475	
Total Department of Labor			595,975	
U.S. Department of Transportation:				
Passed-through New York State Department of Transportation				
Highway Planning Cluster				
Highway Planning and Construction	20.205		1,445,122	
Total Highway Planning Cluster			1,445,122	
Formula Grants for Rural Areas	20.509		119,841	
Total Passed-through New York State Department of Transportation			1,564,963	
Passed-through New York State Governors Committee Traffic Safety:				
Highway Safety Cluster				
State and Community Highway Safety	20.600		37,294	
National Priority Safety Programs	20.616		26,375	
Total Highway Safety Cluster			63,669	
Total Passed-through New York State Governors Committee Traffic Safety			63,669	
Total Department of Transportation			1,628,632	
U.S. Department of Education:				
Passed-through NYS Department of Health Early Intervention:				
Special Education Cluster				
Special Education-Grants for Infants and Families	84.181		56,900	
Total Special Education Cluster			56,900	
Total Department of Education			56,900	
U.S. Election Assistance Commission:				
Passed-through NYS Board of Elections				
Help American Vote Act Requirements Payments	90.401		4,313	
HAVA Election Security Grants	90.404		83,537	
Total Election Assistance Commission			87,850	

The accompanying notes are an integral part of this schedule.

COUNTY OF MADISON, NEW YORK

Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass-Through Entity Identification Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Health and Human Service:				
Direct:				
Guardianship Assistance	93.090		319	
Passed-through NYS Office of Temporary and Disability Assistance:				
Emergency Solutions Grant Program	14.231		1,943	
Passed-through Health Research, Inc.:				
COVID 19: Epidemiology and Laboratory Capacity for Infectious Diseases	93.323		36,544	
COVID 19: Public Health Emergency Response: Cooperative Agreement for				
Emergency Response: Public Health Crisis Response	93.354		95,373	
Public Health Emergency Preparedness	93.069		79,435	
Environmental Public Health and Emergency Response	93.070		97,046	
Total Passed-through Health Research, Inc.			308,398	
Passed-through NYS Department of Health				
Immunization Cooperative Agreements	93.268		22,289	
Maternal and Child Health Services Block Grant	93.994		16,267	
Total Department of Health			38,556	
Passed-through NYS Department of Family Assistance				
Promoting Safe and Stable Families	93.556		25,548	
Temporary Assistance for Needy Families (TANF)	93.558		3,086,402	
Child Support Enforcement	93.563		448,366	
Low-Income Home Energy Assistance	93.568		2,631,898	
Child Care and Development Block Grant	93.575		779,350	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		37,115	
Foster Care Title IV-E	93.658		506,738	
Adoption Assistance	93.659		258,576	
Social Services Block Grant	93.667		501,807	
Child Abuse and Neglect State Grants	93.669		1,155	
Chafee Foster Care Independence Program	93.674		10,210	
Children's Health Insurance Program	93.767		36,523	
Medicaid Cluster				
Medical Assistance Program	93.778		81,946,246	
Total Medicaid Cluster			81,946,246	
Total Passed-through NYS Department of Family Assistance			90,269,934	
Total Department of Health and Human Services			90,619,150	
U.S. Department of Homeland Security				
Passed-through NYS Division of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		34,264	
Homeland Security Grant Program - FY17 SLETPP Grant	97.067	T971472	3,976	
Homeland Security Grant Program - FY17 Explosive Detection Canine	97.067	T837079	3,924	
Homeland Security Grant Program - FY19 SLETPP Grant	97.067	T971492	15,031	
Homeland Security Grant Program - FY17 Tactical Team Grant	97.067	C971479	35,631	
Homeland Security Grant Program - FY17 SHSP Grant	97.067	C971470	65,081	
Homeland Security Grant Program - FY18 SHSP Grant	97.067	C917480	1,366	
Homeland Security Grant Program - FY20 SHSP Grant	97.067	C971400	7,360	
Homeland Security Grant Program - FY20 SLETPP Grant	97.067	T971402	2,440	
Homeland Security Grant Program - FY19 EMPG Grant	97.067	T837095	31,819	
Total Homeland Security Grant Program			166,628	
Total Passed-through NYS Department of Family Assistance			200,892	
Total Expenditures of Federal Awards			\$ 93,882,292	

The accompanying notes are an integral part of this schedule.

COUNTY OF MADISON, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

Pass-Through Programs

Where the County of Madison, New York (the County) receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number when advised by the pass through grantor. Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system. County management has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards (SEFA).

Non-Monetary Federal Programs

The County is awarded financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs." During the fiscal year ended December 31, 2020, the County distributed \$81,247,988 of medical services and goods that were received by participants in the Medical Assistance Program (CAFDA Number 93.778), and \$2,473,495 of energy assistance to eligible persons under the Low-Income Home Energy Assistance Program (CFDA 93.568), as listed in the accompanying schedule.

2. BASIS OF ACCOUNTING

The SEFA is presented in accordance with accounting principles generally accepted in the United States of America and is derived from the County's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the SEFA up to such amounts.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. MATCHING COSTS

Matching costs (i.e., the County's share of certain program costs) are not included in the schedule of expenditures of federal awards.

COUNTY OF MADISON, NEW YORK

Schedule of Findings and Questioned Costs

For the year ended December 31, 2020

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the County's

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ Yes ☐ No

Significant deficiencies identified?

☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ None reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiencies identified?

☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Uniform Guidance, 2 CFR Section 200.516(a)?

☐ Yes ☒ No

The dollar threshold to determine Type A programs was \$2,816,469.

The major federal programs of the County for the year ended December 31, 2020 were as follows:

U.S. Department of Health and Human Services

Medical Assistance Program (93.778)

The County was not considered a low-risk auditee for the year ended December 31, 2020.

COUNTY OF MADISON, NEW YORK

**Schedule of Findings and Questioned Costs
For the year ended December 31, 2020**

Part II – Financial Statement Findings

Reference: 2020-001

Criteria:

Internal controls over financial reporting should be properly designed, documented and implemented to ensure all material transactions are recorded properly in accordance with Generally Accepted Accounting Principles (GAAP).

Cause/Condition:

There was an error in an inventory worksheet related to the Road Machinery Fund, which caused year-end adjustments of inventory balances to be misstated. Errors were detected as a result of audit procedures performed.

Effect:

A material audit adjustment was necessary to present the financial statement in accordance with GAAP as of December 31, 2020.

Governmental Activities Opinion Unit / Aggregate Remaining Fund Information Opinion Unit

Inventories	\$	353,223	
Expense / Expenditures			\$ 353,223

Recommendation:

We recommend management review policies and procedures related to inventory, as well as review of journal entries and year-end adjustments to ensure the timely detection and correction of errors.

Management's Response:

The Highway Department Inventory was misrepresented due to the inventory taker not verifying all information within all possible locations and buildings. The Finance Office did not question the lower inventory amount. This was noticed during our audit. The Highway Department and Finance Office will follow proper protocols to ensure all inventory is recorded properly going forward.

Part III – Federal Award Findings and Questioned Costs

None

Madison County Finance and Payroll Office

Lou Anne Randall-Director of Finance

Keith D. Lummis-Assistant Director of Finance

Debra L. Hansen-Payroll Manager



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Summary Schedule of Prior Audit Findings

Finding 2019-001

Current year status: Corrective action has been implemented.